

Implementation status of sustainable development promotion and deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
1. Has the Company established governance structures for promoting sustainable development, and has it established dedicated (or concurrent) units to oversee promoting sustainable development, which report to the Board of Directors and are supervised by the Board of Directors?	✓		<p>The Company's Administration Div. is the coordinating unit for promoting sustainable development. The Deputy Manager, one person each from the HR Department and General Affairs Department, and two people from the Finance Department are responsible for operations to promote the following main functions - formulating and amending sustainable development regulations, and implementing sustainable development promotion, including implementing corporate governance, developing sustainable environments, safeguarding social welfare, and strengthening sustainable development information disclosure.</p> <p>Implementation status is as follows:</p> <ol style="list-style-type: none"> <li>1. Formulation and amendment of sustainable development regulations: Formulate and amend sustainable development regulations in accordance with competent authority requirements, and be responsible for regulation interpretation, consultation services, reporting content logging and filing, and other associated operations. Formulated regulations include the "Ethical Code of Conduct", "Major Internal Information Handling Procedures", "Procedures for Prevention of Insider Trading", "Ethical Corporate Management Best Practice Principles", and "Sustainable Development Best Practice Principles".</li> <li>2. Implementation of sustainable development promotion: (1) Implement corporate governance: Promote various operations such as enhancing information transparency, distributing dividends, establishing communication channels, providing</li> </ol>	In compliance with the Principles.

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies															
	Yes	No	Summary description																
			<p>employee welfare measures, etc. to protect the rights and interests of shareholders, customers, suppliers, employees and other stakeholders.</p> <p>(2) Develop sustainable environments: In operational activities and internal management, we strive to achieve environmental sustainability goals such as product design, processes, and waste disposal, that comply with environmental regulations, and have introduced the ISO 14001 environmental management system to implement environmental management through actual systems and fulfill corporate social responsibility for environmental protection.</p> <p>(3) Safeguard social welfare: Establish healthy work environments, hold various activities, build communication channels to protect employee rights. Provide disaster relief for major social disasters. Over the years, we have made relentless efforts towards public welfare and academic donations, with notable donations as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Description</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>Typhoon Morakot disaster relief in Kaohsiung</td> <td>\$400,000</td> </tr> <tr> <td>2014</td> <td>Kaohsiung gas explosions</td> <td>\$500,000</td> </tr> <tr> <td>2015</td> <td>New Taipei City Formosa Water Park explosion</td> <td>\$300,000</td> </tr> <tr> <td>2016</td> <td>Rebuilding after Typhoon Nepartak in Taitung</td> <td>\$200,000</td> </tr> </tbody> </table>	Year	Description	Amount	2009	Typhoon Morakot disaster relief in Kaohsiung	\$400,000	2014	Kaohsiung gas explosions	\$500,000	2015	New Taipei City Formosa Water Park explosion	\$300,000	2016	Rebuilding after Typhoon Nepartak in Taitung	\$200,000	
Year	Description	Amount																	
2009	Typhoon Morakot disaster relief in Kaohsiung	\$400,000																	
2014	Kaohsiung gas explosions	\$500,000																	
2015	New Taipei City Formosa Water Park explosion	\$300,000																	
2016	Rebuilding after Typhoon Nepartak in Taitung	\$200,000																	

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies																				
	Yes	No	Summary description																					
			<table border="1"> <thead> <tr> <th>Year</th> <th>Description</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td rowspan="2">2018</td> <td> <ul style="list-style-type: none"> <li>Hualien 7.0 earthquake disaster relief</li> <li>Ming Chuan University International College development fund</li> </ul> </td> <td>\$325,000</td> </tr> <tr> <td colspan="2">Supported government policy to assist with agricultural oversupply by purchasing bananas and cabbage for employee distribution</td> </tr> <tr> <td>2019</td> <td> <ul style="list-style-type: none"> <li>Sino- Arabian Culture and Economic Association in Taiwan scholarship for learning Arabic</li> <li>The Association for no crime R.O.C prevention and criminal rehabilitation</li> </ul> </td> <td>\$360,000</td> </tr> <tr> <td>2020</td> <td> <ul style="list-style-type: none"> <li>Ming Chuan University International College development fund</li> <li>Sino- Arabian Culture and Economic Association in Taiwan scholarship for learning Arabic</li> <li>End of year gratitude concert at National Taiwan University Hospital Yunlin Branch</li> </ul> </td> <td>\$245,000</td> </tr> <tr> <td>2021</td> <td> <ul style="list-style-type: none"> <li>Ming Chuan University International College development fund</li> <li>Dharma Drum Mountain Social Welfare and Charity Foundation</li> </ul> </td> <td>\$425,000</td> </tr> <tr> <td>2022</td> <td>Dr. Liou Yung-Shiung Life Education Association</td> <td>\$200,000</td> </tr> </tbody> </table>	Year	Description	Amount	2018	<ul style="list-style-type: none"> <li>Hualien 7.0 earthquake disaster relief</li> <li>Ming Chuan University International College development fund</li> </ul>	\$325,000	Supported government policy to assist with agricultural oversupply by purchasing bananas and cabbage for employee distribution		2019	<ul style="list-style-type: none"> <li>Sino- Arabian Culture and Economic Association in Taiwan scholarship for learning Arabic</li> <li>The Association for no crime R.O.C prevention and criminal rehabilitation</li> </ul>	\$360,000	2020	<ul style="list-style-type: none"> <li>Ming Chuan University International College development fund</li> <li>Sino- Arabian Culture and Economic Association in Taiwan scholarship for learning Arabic</li> <li>End of year gratitude concert at National Taiwan University Hospital Yunlin Branch</li> </ul>	\$245,000	2021	<ul style="list-style-type: none"> <li>Ming Chuan University International College development fund</li> <li>Dharma Drum Mountain Social Welfare and Charity Foundation</li> </ul>	\$425,000	2022	Dr. Liou Yung-Shiung Life Education Association	\$200,000	
Year	Description	Amount																						
2018	<ul style="list-style-type: none"> <li>Hualien 7.0 earthquake disaster relief</li> <li>Ming Chuan University International College development fund</li> </ul>	\$325,000																						
	Supported government policy to assist with agricultural oversupply by purchasing bananas and cabbage for employee distribution																							
2019	<ul style="list-style-type: none"> <li>Sino- Arabian Culture and Economic Association in Taiwan scholarship for learning Arabic</li> <li>The Association for no crime R.O.C prevention and criminal rehabilitation</li> </ul>	\$360,000																						
2020	<ul style="list-style-type: none"> <li>Ming Chuan University International College development fund</li> <li>Sino- Arabian Culture and Economic Association in Taiwan scholarship for learning Arabic</li> <li>End of year gratitude concert at National Taiwan University Hospital Yunlin Branch</li> </ul>	\$245,000																						
2021	<ul style="list-style-type: none"> <li>Ming Chuan University International College development fund</li> <li>Dharma Drum Mountain Social Welfare and Charity Foundation</li> </ul>	\$425,000																						
2022	Dr. Liou Yung-Shiung Life Education Association	\$200,000																						

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>(4) Strengthen sustainable development information disclosure: The Company fully discloses relevant and reliable information on sustainable development in its website and annual reports to enhance information transparency.</p> <p>3. Holding corporate social responsibility education and training: The Company regularly holds corporate social responsibility education and training each year to promote relevant policies, systems, plans and implementation results for corporate social responsibility. The 2022 "Promotion of Ethical Corporate Management and Corporate Social Responsibility" was held on July 14, 2022 and November 10, 2022 for 30 minutes each time, with 19 and 20 attendees respectively to promote implementation of various corporate plans.</p> <p>4. Board of Directors supervision of sustainable development: (1) Recent sustainable development regulations formulated and amended and approved by the Board of Directors include: 2020 amendment of "Ethical Code of Conduct", "Ethical Corporate Management Best Practice Principles", and 2022 amendment of "Sustainable Development Best Practice Principles". (2) The 2022 implementation status of sustainable development was reported at the March 10, 2023 Board of Directors meeting.</p>	
2. Has the Company conducted risk assessments on	✓		Since the subsidiary mainly engages in sales operations, the risk assessment boundary is based primarily on the Company in consideration of relevance and materiality to operations.	In compliance with the Principles.

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
environmental, social and corporate governance issues related to company operations based on the materiality principle, and formulated associated risk management policies or strategies?			The Company conducts assessments on risks of material environmental, social and corporate governance issues that may affect operations, analyzes, tracks, and responds to them in order to strengthen risk management mechanisms. Please refer to page 100 for associated risk management organizational structures and policies.	
3. Environmental issues (1) Has the Company established appropriate environmental management systems based on the characteristics of its industries?	✓		(1) The Company has introduced the ISO 14001 environmental management system in the hopes of contributing corporate social responsibility towards environmental protection. Certification was obtained on May 12, 2016, with validity until April 19, 2025.	(1) In compliance with the Principles.
(2) Does the Company endeavor to improve energy use efficiency and use renewable materials with low environmental impact?	✓		(2) The Company's policies on improving energy use efficiency and using renewable materials are as follows: 1. Products comply with EU environmental regulations, emphasizing green energy-saving designs and improving recycling efficiency to reduce the harm of e-waste pollution to the environment. 2. All scrap items are strictly reviewed for reuse value in accordance with "Scrap Item Management Regulations" before being scrapped. Reports of industrial waste clearance plans are also filed with the Environmental	(2) In compliance with the Principles.

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>Protection Administration as required. Information on waste is logged monthly, and when actual clearance is conducted, qualified Class A waste clearance vendors are responsible for removal to improve resource reuse in compliance with environmental regulations.</p> <p>3. The Company has set up recycling bins, promoted waste sorting and recycling, advocated waste reduction, and paper recycling and reuse in order to improve utilization efficiency of resources.</p> <p>4. The 2022 environmental management goal was: Reduce non-recyclable waste (non-hazardous waste) by more than 1% of target value per quarter. Overall actual achievement: Actual non-recyclable waste for the full year was 13% less than the target, an outstanding result.</p>	
(3) Has the Company evaluated the potential risks and opportunities that climate change presents to current and future operations, and adopted corresponding response measures?	✓		<p>(3) In view of the greenhouse gas emissions generated by human activities that have caused global climate change and impacts on ecological environments and human survival, also posing huge economic risks, environmental protection measures are imperative. To achieve sustainable management goals, the Company evaluates potential current and future climate change risks and opportunities, with consideration of the following aspects and response measures:</p> <p>1. Legal aspect:</p> <p>1) Risks:</p> <p>A. To comply with the "Greenhouse Gas Reduction and Management Act" and meet greenhouse gas reduction goals, operating costs will increase.</p> <p>B. Risk of non-compliance with international and local environmental laws or environmental assessment requirements.</p>	(3) In compliance with the Principles.

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>2) Opportunities:</p> <p>A. The current international trend leans towards utilizing green taxes to protect the environment. The increased costs to comply with energy conservation and carbon reduction policies can reach competitive parity with future tax system developments.</p> <p>B. Continuously cooperate with customers targeting green supply chains to achieve energy conservation and carbon reduction effects.</p> <p>3) Response implementation in 2022:</p> <p>A. Implemented energy conservation and carbon reduction policies and continued self-inspection and review of greenhouse gas emissions.</p> <p>B. Gradually replaced lighting equipment with energy-saving lights.</p> <p>C. Gradually replaced air conditioning equipment with inverter models.</p> <p>D. Turned off lights during lunch break to conserve energy.</p> <p>2. Climate disaster aspect:</p> <p>1) Risks:</p> <p>A. When typhoons approach, strong winds and heavy rains may damage buildings and equipment.</p> <p>B. Shutdowns may increase operational labor costs.</p> <p>2) Opportunities:</p> <p>A. Increase response capabilities for climate change adaptation and reduce disaster impacts to enhance corporate competitiveness.</p> <p>B. Focus on issues of environmental sustainability to improve corporate image.</p>	

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>3) Response implementation in 2022: Taiwan is an island and located in the subtropical monsoon region, with obvious island maritime climate characteristics. Typhoons often affect the region. To prevent and eliminate losses in the workplace caused by various disasters, the Company has formulated "Emergency Response Management Regulations" and "Disaster Recovery Management Regulations" for compliance. The 2022 "Emergency Response Drill" was held on April 15, 2022 to conduct response drills for potential disasters, in order to achieve the goal of disaster mitigation.</p> <p>3. Other Aspects</p> <p>1) Risks: Suppliers use hazardous substances.</p> <p>2) Opportunities: Cultivate good supplier partnerships to improve product quality.</p> <p>3) Response implementation in 2022: To prevent suppliers from using hazardous substances, the Company has required suppliers to sign "Hazardous Substance Compliance Commitment Letters" since 2016 to guarantee products supplied meet stipulated limits for hazardous substances. The Company's products comply with RoHS, PFOS, and REACH regulations.</p>	
(4) Has the Company collected statistics on greenhouse gas emissions, water consumption and	✓		(4) To align with Taiwan's greenhouse gas reduction targets, the Company (excluding subsidiaries) began conducting greenhouse gas emissions inspections in 2016. The Company's direct emissions from sources owned or controlled (Scope 1) are only from company vehicles and fugitive emissions	(4) In compliance with the Principles.



Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
total weight of waste in the most recent two years, and formulated policies on reducing greenhouse gas emissions, water consumption or other waste management?			<p>sources such as refrigerants and fire extinguishers. The activity data is minimal, while energy indirect emissions (Scope 2) are calculated by converting electricity usage based on the power emissions factors of the Bureau of Energy. Self-inspection results for 2021 and 2022 were 271,460 kg CO2e and 276,210 kg CO2e respectively. The increase in 2022 emissions was mainly due to the addition of new office areas. Self-inspections and review of greenhouse gas emissions will continue on an ongoing basis.</p> <p>The Company conducts water usage inspections periodically. Water usage in 2021 and 2022 was 1,591 metric tons and 1,657 metric tons respectively. The increase in 2022 was due to the addition of new office areas.</p> <p>Waste clearance of monitored items has reporting requirements stipulated by the Company. Waste materials are classified into scrap wires and cables, scrap electronic components, and scrap printed circuit boards. Tonnage reported in clearance applications in 2021 and 2022 were 0.63 metric tons and 0.639 metric tons respectively. Qualified Class A waste clearance vendors were responsible for removal on December 27, 2021, April 22, 2022, and December 12, 2022, with waste clearance receipts obtained from the EPA Industrial Waste Control Center. The slight increase in waste this term was mainly due to the increase in 2022 revenue, which led to higher production input. Waste output will continue to be controlled according to the clearance plan.</p> <p>The Company implements various energy conservation and carbon reduction measures and introduced the ISO 14001 environmental management system in 2016, committing to a process of continuous environmental improvement. By formulating environmental policies, setting goals, implementing and</p>	

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>auditing them, tangible environmental improvement objectives can be achieved. Internal promotion of ISO 14001 was also held on July 14, 2022 and November 10, 2022 with 19 and 20 attendees respectively.</p> <p>Starting in 2019, the environmental management goal has been: Reduce non-recyclable waste (non-hazardous waste) by more than 1% of target value per quarter. Statistics show total weight of non-hazardous waste in 2021 and 2022 was 1.57 metric tons and 1.62 metric tons respectively, which were 19% and 13% less than the target amounts, an outstanding result.</p> <p>Planned measures to achieve reducing non-recyclable waste by 1% of target value per quarter in 2023:</p> <ol style="list-style-type: none"> <li>1. Promote waste sorting and use of eco-friendly utensils.</li> <li>2. Regional supervisors regularly review waste sorting status.</li> <li>3. Analyze waste reduction status each quarter and remind non-compliant areas to pay attention.</li> </ol>	
<p>4. Social issues</p> <p>(1) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and international human rights conventions?</p>	✓		<p>(1) The Company has reported work rules to the Labor Affairs Bureau for approval in accordance with labor laws, and implemented them to safeguard employee legal rights. Various HR regulations have also been formulated and posted on the company intranet for employees to look up their rights anytime.</p> <p>The Company has formulated human rights policies in accordance with internationally recognized human rights standards such as the "International Covenant on Civil and Political Rights" and "International Covenant on</p>	<p>(1) In compliance with the Principles.</p>

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(2) Has the Company established and implemented reasonable employee welfare measures (including compensation, leave and other benefits), and appropriately reflected business performance or results in employee compensation?	✓		<p>Economic, Social and Cultural Rights", and is committed to providing employees with a safe, healthy and dignified working environment. Please refer to page 149 for human rights policies and specific management plans.</p> <p>(2) The Company has established and implemented reasonable employee welfare measures, and appropriately reflected business performance or results in employee compensation. Relevant regulations and implementation status are as follows:</p> <p>1. Compensation:</p> <p>1) Remuneration management: The Company has formulated "Remuneration Management Regulations" that classify positions based on the different nature of work, and establish appropriate remuneration standards for each position according to complexity and level of responsibility.</p> <p>2) Year-end bonus distribution: The Company has formulated "Year-End Bonus Distribution Regulations" whereby the base amount for year-end bonus distribution is set according to the Company's business performance or results for the year, and distributed based on performance appraisal and length of service. The 2022 year-end bonus was approved by Board resolution on December 14, 2022 and distributed on January 18, 2023.</p> <p>3) Employee compensation distribution: In accordance with Article 26 of the Company's Articles of Incorporation, if the Company records</p>	(2) In compliance with the Principles.

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>profit in a fiscal year (referring to net profit before tax, after deducting employee and director compensation), 7%~10% shall be set aside as employee compensation. The 2021 employee compensation was approved by Board resolution on March 18, 2022 to appropriate 10% of before-tax net profit as employee compensation, and distributed in cash on September 5, 2022.</p> <p>4) Performance appraisal: The Company has formulated "Performance Appraisal Regulations" to regularly evaluate achievement of performance targets by employees, in order to appropriately reflect business performance or results in employee compensation. The 2022 first and second half appraisals were completed on July 18, 2022, and January 9, 2023, respectively.</p> <p>2.Leave: The Company has formulated "Leave and Time-Off Management Regulations" to provide a clear basis and norms for employee leave and time-off. The various leave categories and payment standards comply with relevant laws and regulations.</p> <p>3.Other benefits: Please refer to page 150 for the Company's employee welfare measures, training, implementation status, retirement system, agreements between labor and management, employee rights protection measures, etc.</p>	

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(3) Has the Company provided employees with a safe and healthy work environment, and regularly provided health and safety education for employees?	✓		<p>(3) The Company's employee work environment safety and health and education and training are described as follows:</p> <p>1. The Company has formulated "Workplace Safety and Health Codes of Conduct", appointed occupational safety and health management personnel and first-aid personnel who are responsible for promoting and implementing safety and health management, conducting new employee and annual regular employee safety and health education and training, and implementing regular monthly fire safety inspections and noise measurements, quarterly drinking water E. coli testing, semiannual carbon dioxide and n-hexane environmental testing, etc. to ensure a safe and healthy work environment for employees. Regular annual employee health checks are held. For special operations involving n-hexane, lead, and ionizing radiation, relevant personnel undergo required health checks and complete legally mandated education and training to protect employee health. In addition, the Welfare Committee organizes recreational activities such as group tours and meals annually to relieve employee stress.</p> <p>2. Please refer to page 153 for specific implementation details.</p> <p>3. There were no occupational injuries in 2022.</p>	(3) In compliance with the Principles.
(4) Has the Company established effective career development and training plans for employees?	✓		<p>(4) The Company has formulated "Education and Training Management Regulations" for compliance, and provides education and training subsidies. Each employee can choose internal or external training courses relevant to their own work. Please refer to page 151 for 2022 training status.</p>	(4) In compliance with the Principles.

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(5) Has the Company established relevant policies and complaint procedures to protect consumer or customer rights with regard to customer health and safety, customer privacy, marketing, and labeling of products and services, in accordance with relevant laws, regulations and international standards?	✓		(5) The Company maintains thorough communication channels with customers, and has formulated procedures including "Customer Complaint Handling", "Customer Satisfaction Survey Management", "Customer Service Management", and "Continuous Improvement Operations" to resolve customer issues quickly and safeguard customer rights. The Company has formulated "Ethical Corporate Management Best Practice Principles" that expressly stipulate punishments for unethical conduct. Relevant laws and international standards that should be followed for provided products and services should be continuously researched and understood to ensure transparency and safety of product and service information. The Company website provides customer contact windows and email inboxes. A stakeholder section has been set up to provide channels for customer inquiries, complaints or suggestions. The Company handles these appropriately according to the principle of integrity and provides feedback to safeguard customer rights.	(5) In compliance with the Principles.
(6) Has the Company formulated supplier management policies requiring suppliers to comply with relevant regulations on environmental protection,	✓		(6) The Company's supplier management policies and implementation status are described as follows: 1. The Company has formulated "Ethical Corporate Management Best Practice Principles" that expressly stipulate punishments for unethical conduct. The legality and ethical management policies of suppliers or other business partners are evaluated before business relationships are	(6) In compliance with the Principles.

Promotion item	Implementation status			Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
occupational safety and health or labor rights, and disclosed implementation status?			<p>established, to avoid transactions with unethical suppliers. If unethical conduct is discovered in business interactions or cooperation, commercial dealings will be immediately halted and the party will be added to the list of refused transactions. Contracts may be unconditionally terminated or dissolved at any time to ensure business operations of counterparts are conducted fairly and transparently, fully implementing the Company's ethical management policies.</p> <p>2.The 2022 supplier self-evaluations have been completed for reference in business interactions. Due to the COVID-19 pandemic, on-site supplier evaluations were temporarily suspended in 2022.</p>	
5. Has the Company prepared reports disclosing corporate non-financial information such as sustainability reports based on internationally accepted report preparation standards or guidelines? Have the above reports obtained reasonable assurance or limited assurance from third party certification units?		✓	The Company does not meet the criteria for mandatory preparation of sustainability reports and has not voluntarily prepared any.	The Company does not meet the criteria for mandatory preparation of sustainability reports.

Promotion item	Implementation status		Summary description	Deviations from and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
<p>6. If the Company has stipulated its own sustainable development principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", please describe differences between operations and the stipulated principles:</p> <p>The Company has always been committed to implementing corporate governance, developing sustainable environments, and safeguarding social welfare. Overall corporate operations for sustainable development are in compliance with relevant principles in the Best Practice Principles, except for not voluntarily preparing sustainability reports. There are no other material differences.</p>				
<p>7. Other important information to help understand the status of sustainable development promotion implementation:</p> <p>(1) The Company proactively creates employment opportunities and exclusively hires local labor. It has formulated various employee welfare policies, employee rights protection measures, and promoted harmonious labor relations. Please refer to page 149 for implementation details.</p> <p>(2) The Company's products are ISO 9001 certified and comply with EU RoHS, PFOS, and REACH environmental regulations.</p> <p>(3) The Company has established a public information network reporting system. Dedicated personnel are responsible for collecting and disclosing corporate information, establishing sound mechanisms for handling, disclosing and remediating deficiencies in major internal information. After rigorous assessment processes with records retained, information that may impact shareholder and stakeholder decisions can be disclosed appropriately and in a timely manner.</p>				



(4) The 2022 implementation status of sustainable development was reported to the Board of Directors on March 10, 2023. Communication status with various stakeholders, actual implementation content and frequency were as follows:

Stakeholder	Key concerns	Communication channels	Response methods	Frequency	Actual implementation
Shareholders and investors	<ul style="list-style-type: none"> <li>• Business performance of Corporate governance</li> <li>• Corporate governance</li> <li>• Ethical management and corporate social responsibility</li> <li>• Shareholder equity</li> <li>• Environmental protection</li> </ul>	Wang, Peng-Sen, Deputy Chief Executive Tel: (02) 2785-3961 Email: <a href="mailto:spokesman@mail.rubyttech.com.tw">spokesman@mail.rubyttech.com.tw</a>	• Shareholder meeting	Annually	2022 shareholder meeting held on June 14, 2022
			<ul style="list-style-type: none"> <li>• Material information announced in real time on the Market Observation Post System and corporate website</li> <li>• Open communication channels and contact methods established</li> </ul>	As needed	15 material information announcements in 2022, with simultaneous English versions
Employees	<ul style="list-style-type: none"> <li>• Labor relations</li> <li>• Compensation and benefits</li> <li>• Workplace safety and health</li> <li>• Opinion feedback mechanisms</li> <li>• Talent cultivation and career development</li> </ul>	Deputy Spokesperson: Chen, Yun-Chen Assistant Vice President of Administration Div. Tel: (02) 2785-3961 Email: <a href="mailto:admin@mail.rubyttech.com.tw">admin@mail.rubyttech.com.tw</a>	• Performance appraisals	Biannually	Conducted once each in 1H and 2H 2022.
			• Labor-management meetings	Quarterly	Held total of 4 meetings in 2022
			• Employee Welfare Committee	Quarterly	Held total of 6 meetings in 2022

Stakeholder	Key concerns	Communication channels	Response methods	Frequency	Actual implementation
Customers	<ul style="list-style-type: none"> <li>• Sales service and support</li> <li>• Product quality and safety</li> <li>• After-sales service</li> <li>• Brand image</li> <li>• Customer satisfaction</li> </ul>	Customer section: Sales Div. Assistant Vice President Liao / Sales Div. Assistant Vice President Huang Tel: (02) 2785-3961 Email: <a href="mailto:sales@mail.rubytech.com.tw">sales@mail.rubytech.com.tw</a>	• Dedicated sales service team	As needed	Completed 2022 customer after-sales service and satisfaction surveys
			• Customer after-sales service and satisfaction surveys	Annually	
Suppliers	<ul style="list-style-type: none"> <li>• Supplier management</li> <li>• Green processes</li> </ul>	Supplier section: Mr. Wang, Vice President of Manufacture Div. Tel: (02) 2785-3961 Email: <a href="mailto:vendor@mail.rubytech.com.tw">vendor@mail.rubytech.com.tw</a>	• Dedicated procurement service window	As needed	Completed 2022 supplier self-evaluations. On-site evaluations temporarily suspended in 2022 due to COVID-19 pandemic.
			• Supplier evaluations	Annually	

(5) In accordance with the principle of materiality, conducting risk assessments related to environmental, social, and corporate governance issues relevant to the company's operations, and establishing corresponding risk management strategies:

1. Risk management organizational structure and responsibilities:

- 1) Board of Directors: Supervises formulation and amendments to sustainable development regulations including "Ethical Code of Conduct", "Major Internal Information Handling Procedures", "Procedures for Prevention of Insider Trading", "Ethical Corporate Management Best Practice Principles", and "Sustainable Development Best Practice Principles", and hears annual reports on implementation status of sustainable development.
- 2) General Manager's Office: Evaluates and responds to management decision risks and operational risks as the unit responsible for coordinating relevant matters with each division.

- 3) Internal Audit Office: Regularly audits if risk control is effectively implemented in each division according to internal control and audit plans, and prepares audit reports based on actual audit findings. Proactively assists management in handling risks interrelated across the entire enterprise.
- 4) Each division: Division heads bear responsibility for risk management and oversee analyzing and monitoring associated risks within their divisions to ensure risk control mechanisms and procedures can be effectively implemented.

2. Description of risks faced by the Company and associated management strategies:

Key issue	Risk assessment items	Risk description	Risk management strategies and measures
Environmental aspect	Environmental	<ul style="list-style-type: none"> <li>• Legal aspect: Includes risks of non-compliance with international and local environmental laws or environmental assessment requirements.</li> <li>• Climate disaster aspect: Includes risks of reduced or interrupted production capacity due to wind disasters, floods or droughts.</li> <li>• Other aspects: Includes risks of supplier use of hazardous substances affecting the Company's products.</li> </ul>	Please refer to page 84 Sustainable Development Promotion Item - Environmental Issues for details.
Social aspect	Occupational safety and health	<ul style="list-style-type: none"> <li>• Legal aspect: Includes risks of non-compliance with various occupational safety and health laws and regulations.</li> <li>• Operational aspect: Includes risks of losses to the Company due to improper human resource management, operations or errors.</li> </ul>	Please refer to page 91, Sustainable Development Promotion Item - Social Issues for details.
	Human resources	<ul style="list-style-type: none"> <li>• Labor relations aspect: Includes risks arising from the Company's employee welfare measures, training, retirement system, agreements between labor and management, human rights policies and other issues.</li> <li>• Talent development and management aspect: Includes risks arising from recruitment and retention of talent, talent development mechanisms, and succession plans.</li> </ul>	

Key issue	Risk assessment items	Risk description	Risk management strategies and measures
Economic aspect (including corporate governance aspect)	Market	<ul style="list-style-type: none"> <li>• Technology and industry aspect: Includes risks of resources invested in continuous new product development and new service applications to meet market demand.</li> <li>• Financial aspect: Includes risks of fluctuations in values due to market risk factors (exchange rates, stock prices, inflation, etc.)</li> </ul>	Please refer to page 170 for details.
	Operations	<ul style="list-style-type: none"> <li>• Operational aspect: Includes risks faced from excessively concentrated procurement or sales.</li> <li>• Financial aspect: Includes risks of impacts on the Company from credit ratings, credit assessment terms, changes in accounting policies, etc.</li> <li>• Intellectual property aspect: Includes risks that may arise from patent applications, maintenance and management.</li> <li>• Supply chain aspect: Includes risks of quality, pricing and delivery time of supplied goods.</li> <li>• Information security aspect: Includes risks of impacts on the Company from email phishing attacks, outdated software versions, storage without adequate protections or improperly configured settings, employees lacking information security awareness or inadequate skills.</li> </ul>	
	Investments	<ul style="list-style-type: none"> <li>• Investment aspect: Includes risks of impacts on the company from poorly regulated operations of investees under long-term investments.</li> </ul>	
	Regulatory compliance	<ul style="list-style-type: none"> <li>• Regulatory aspect: Includes risks of impacts on the Company from major domestic and foreign policy and legal changes.</li> </ul>	

## (6) Analysis and Assessment of Risk Factors

### 1. Impacts of interest rate, exchange rate and inflation changes on the Company's profit/loss and response measures

1) The Company has no bank borrowings, so changes in interest rates have not had material impacts.

#### 2) Exchange rate changes

##### a. Impacts of exchange rate changes on the Company's revenue and profitability

Unit: NT\$ thousands

	2022	2021
Net Exchange Gain (Loss)	23,069	(3,800)
Net Revenue	1,084,299	884,326
Operating Profit	142,537	96,953
Profit Before Tax	155,470	177,632
Net Exchange Gain (Loss) / Net Revenue (%)	2.13%	(0.43%)
Net Exchange Gain (Loss) / Operating Profit (%)	16.18%	(3.92%)
Net Exchange Gain (Loss) / Profit Before Tax (%)	14.84%	(2.14%)

The Company's USD-denominated sales account for about 80-90% while USD-denominated purchases account for about 40-60%. Therefore, exchange rate changes have a certain degree of impact on the Company's profitability.

For the years ended December 31, 2021 and 2022, the net exchange gain (Loss) was (NT\$3,800) thousand and NT\$23,069 thousand, respectively. In addition, the net exchange gain (Loss) net revenue (%) for the years ended December 31, 2021 and 2022 were (0.43%) and 2.13%, respectively, and the net exchange gain (Loss) operating profit (%) for the years ended December 31, 2021 and 2022 were (3.92%) and 16.18%, respectively.

##### b. Specific response measures

- a) In addition to achieving natural hedging effects from foreign currency denominated sales and purchases, the Finance Department also considers relevant information on exchange rate market and future trends to execute timely foreign exchange conversion to reduce exposure to foreign currency risks.
- b) In addition to achieving natural hedging effects from foreign currency denominated sales and purchases, the Finance Department also considers relevant information on exchange rate market and future trends to execute timely foreign exchange conversion to reduce exposure to foreign currency risks.
- c) The Company may engage in relevant foreign exchange hedging operations according to the "Procedures for Acquisition or Disposal of Assets" as necessary depending on the extent of exposure to foreign currencies.

- 3) Domestic inflation leading to increased procurement costs may adversely affect the Company's profitability.

The Company has more than one supplier. The Company will pay close attention to inflation going forward, negotiating pricing with different suppliers separately to mitigate the impacts of inflation.

2. Policies, main reasons for profit or loss, and response measures for high-risk, high-leverage investments, lending of funds to others, endorsements and guarantees, and trading of derivatives

The Company is dedicated to the development of its main businesses, and does not engage in high-risk, high-leverage investments, lending of funds to others, endorsements and guarantees, or trading of derivatives.

3. Future R&D plans and estimated R&D expenses

In response to market demand for higher bandwidth, applications and energy saving/carbon reduction, the Company continues to increase software and hardware functions for project-based network managed switches, while also designing lower cost Web Smart switches, in order to build a more complete product line. Please refer to page 135 of this annual report for new products planned for development. In addition, cloud-based application services will be developed to cater to customers' sales and technical support needs to increase the competitiveness of the Company's products. Estimated R&D expenses for 2023 amount to approximately NT\$86,870 thousand. Impacts of and response to changes in domestic and foreign important policies and laws on the Company's financial operations

4. The Company always pays close attention to changes in important domestic and foreign policies and laws, evaluates their impact on the Company, and also consults with relevant professionals to take response measures when appropriate. In recent years and as of the date of annual report printing, changes in domestic and foreign important policies and laws have not had any material impacts on the Company's financial operations.

5. Impacts of and response to changes in technologies (including information security risks) and industry environment on the Company's financial operations

With the advancement of semiconductor and telecommunication technologies, network communication products have gradually evolved into pure hardware, high maturity turnkey products and niche products encompassing both software and hardware technologies. As the Company's production base is located in Taiwan, it is no longer suitable for manufacturing high-volume, low-margin turnkey products, and has shifted its product focus to higher technology niche products instead. The rapid growth of the Internet population has led to a growing demand for broadband, fiber optics and wireless network applications. The Company's products consist of fiber optic network products, managed switches, outdoor wireless network devices and industrial wired network devices. As the products encompass both software and hardware and are designed for use in harsh environments, they pose high technical barriers and face less market competition. As a result, steady growth is expected in performance and gross margin year over year. The high product level and gross margin have

also led to improved customer quality, hence generating positive impacts on finance.

The Company has established comprehensive network and computer related information security protection measures but cannot guarantee that the computer systems supporting key corporate functions such as manufacturing operations and accounting can be completely immune from paralyzing cyberattacks by any third party through the Company's management and maintenance. By continuously reviewing and evaluating its information security policies and procedures, the Company ensures their adequacy and effectiveness, but cannot warrant that it will be unaffected by emerging risks and attacks amid the ever-evolving information security threats. The Company has implemented relevant improvement measures and keeps them updated, such as endpoint anti-virus solutions on major hosts, enhanced malicious behavior detection, and strengthened network firewall and control to prevent spreading of malware across hosts and factory premises. Although the Company continues to enhance information security protection, it still cannot guarantee immunity against malware and hacker attacks. Please refer to page 156 and page 174 of this annual report for other information regarding security management and response measures.

6. Impacts of and response to changes in corporate image on corporate crisis management

The Company has always upheld the principles of prudent and steady operations and focus on core businesses, valued corporate image, and has so far not experienced any incidents that damaged corporate image and affected business operations.

7. Expected benefits, potential risks, and response measures for mergers and acquisitions

The Company did not have any merger or acquisition plans as of the date of annual report printing.

8. Expected benefits, potential risks, and response measures for plant expansion

The Company did not have any plans for plant expansion as of the date of annual report printing.

9. Risks arising from concentration of purchase or sale and response measures

The top supplier A accounted for 21.37% of total purchases in 2021, while all other suppliers accounted for less than 10%. The top supplier A accounted for 15.6% of total purchases in 2022, while all other suppliers accounted for less than 10%. The Company will continue to actively develop new sources of supply to reduce concentration risks.

The top three customers a, b and c accounted for 27.13%, 14.67% and 14.21% of total sales in 2021 respectively, while all other customers accounted for less than 10%. The top three customers b, a and d accounted for 26.18%, 19.03% and 10.32% of total sales in 2022 respectively, while all other customers accounted for less than 10%. Sales concentration risks have been reduced, but the Company will still actively expand market size and develop new customers.

10. Impacts, risks and response measures for transfer or replacement of shareholdings of directors, supervisors, or shareholders holding over 10% shareholding

None of the Company's directors or shareholders holding over 10% shareholding transferred substantial shareholdings as of the date of annual report printing.

11. Impacts, risks, and response measures for changes in operating rights

Not applicable as there were no changes in operating rights as of the date of annual report printing.

12. Litigation or non-litigation matters

- a. Major litigation, non-litigation or administrative disputes involving the Company and already concluded with final judgement, or still pending, that may have significant impacts on shareholders' equity or securities prices as of the date of annual report printing: None.
- b. Major litigation, non-litigation or administrative disputes involving the Company's directors, supervisors, general managers, responsible persons, and shareholders holding over 10% shareholding and already concluded with final judgement, or still pending, as of the date of annual report printing: None.

13. Other important risks and response measures:

- a. Information security protection and response  
Technology changes have brought higher efficiency and productivity to the Company, but also introduced new information security risks arising from phishing scams, outdated software versions, inadequate protection or improper configurations of storage space, employees' lack of security awareness or skills, etc. The Company's Administration Department has an Information Department with 3 IT personnel responsible for development and maintenance of corporate network and computerized application software, maintenance of computer equipment and technical support. Regulations including the "Computer Information Usage Regulations", "Regulations on Purchase, Usage and Maintenance of Computer Equipment", "Computer Software Management Regulations", "Annual Data System Migration Procedures for MIS", "Information Security Regulations", "Software Management Regulations", "Email Management Regulations", "Regulations on Borrowing of Software Documentation", "Disaster Recovery Management Guidelines" and "Computer Equipment Retirement Management Regulations" have been formulated for compliance and management.
- b. Impacts of and response to COVID-19 pandemic  
Since the global outbreak in early 2020, the COVID-19 pandemic has wreaked havoc on the global economy due to lockdowns, production halts and business closures in many countries. Economic recovery began in 2021 after breakthroughs in vaccine R&D in the 4Q of 2020. Demand for the Company's products also gradually recovered. At the same time, various industries replenished inventories substantially, leading to tight supply of electronic components and an especially severe situation in the network communication industry. In addition to actively coordinating material delivery schedules, the Company



also procured available components in spot markets to meet customers' delivery dates.

In 2022, COVID-19 variants became less virulent as the Central Epidemic Command Center lowered alert levels, thus significantly reducing the impact on the Company. However, in response to previous delivery schedules and tight electronic component supply, safety stock levels were increased, and delays in material delivery with medium and short lead time meant that inventory could not be consumed and produced according to plan, resulting in considerable accumulation of inventory. Destocking has become the Company's top priority. As material supply continues to improve, the Company is adjusting delivery schedules with customers so that inventory levels can be gradually reduced.